

CITY OF WINCHESTER, KANSAS

STATUTORY BASIS FINANCIAL STATEMENTS  
For the year ended December 31, 2011

And

INDEPENDENT AUDITORS' REPORT

**Long CPA, PA**  
**A Professional Association**  
**Certified Public Accountants**

# **CITY OF WINCHESTER, KANSAS**

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# Long CPA, PA

James M. Long, CPA  
Shareholder

901 Kentucky, Suite 104  
Lawrence, KS 66044  
jim@jlongcpa.com

785-312-9091  
Fax 785-312-9249  
Cell 785-766-7556

The Honorable Mayor and City Council  
P.O. Box 123  
Winchester, Kansas 66097-0123

## INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

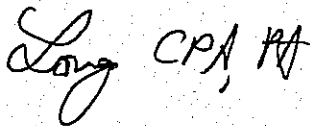
We have audited the financial statements of the City of Winchester, Kansas, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the City has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonable determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2011, or the changes in its financial position for the year then ended.

In our opinion the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the City, as of December 31, 2011, and its cash receipts and expenditures, budgetary comparisons, and changes in long-term debt and long-term debt maturities for the year then ended, on the basis of accounting described in Note 1.

A handwritten signature in black ink that reads "Long CPA, PA". The signature is written in a cursive, flowing style.

Long CPA, PA  
A Professional Association  
Certified Public Accountants

July 19, 2012

**CITY OF WINCHESTER, KANSAS**  
**Summary of Cash Receipts, Expenditures, and Unencumbered Cash**  
**For the Year Ended December 31, 2011**

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Type Funds:</b>							
General Funds							
General	\$ 46,554	\$ 0	\$ 165,538	\$ 161,911	\$ 50,181	\$ 0	\$ 50,181
Special Revenue Funds							
Library	0	0	10,464	10,464	0	0	0
Special highway	13,733	0	14,990	2,999	25,724	0	25,724
Wastewater grant	1,898	0	109,257	107,356	3,799	0	3,799
CDBG Housing Recapture	22,672	0	320	0	22,992	0	22,992
Sidewalk capital improvement	25,617	0	25,682	0	51,299	0	51,299
Police car equipment reserve	7,579	0	2,000	0	9,579	0	9,579
Water/Sewer Utility reserve	115,914	0	42,000	75,196	82,718	0	82,718
Proprietary Type Funds:							
Water and Sewer Utility	52,670	0	245,383	240,749	57,304	0	57,304
<b>Total Reporting Entity</b>	<b>\$ 286,637</b>	<b>\$ 0</b>	<b>\$ 615,634</b>	<b>\$ 598,675</b>	<b>\$ 303,596</b>	<b>\$ 0</b>	<b>\$ 303,596</b>
<b>Composition of Cash</b>							
					Checking Accounts		\$ 241,057
					Savings Accounts		58,884
					Petty Cash		300
					Municipal Investment Pool		3,355
					Certificates of Deposit		
					Total Reporting Entity		\$ 303,596

The notes to the financial statements are an integral part of this statement.

CITY OF WINCHESTER, KANSAS  
Summary of Expenditures - Actual and Budget  
For the Year Ended December 31, 2011

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustments to Comply with Legal Max</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>Governmental Type Funds</b>						
General Funds						
General	\$ 193,650	\$ 0	0	\$ 193,650	\$ 161,911	\$ 31,739
<b>Special Revenue Funds</b>						
Library	11,000	0	0	11,000	10,464	536
Special highway	22,400	0	0	22,400	2,999	19,401
<b>Proprietary Type Funds</b>						
Water/Sewer utility	261,900	0	0	261,900	240,749	21,151

The notes to the financial statements are an integral part of this statement.

CITY OF WINCHESTER, KANSAS  
GENERAL FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 84,761	90,406	\$ (5,645)
Delinquent tax	2,131	0	2,131
Motor vehicle tax	13,665	15,328	(1,663)
RV tax	103	116	(13)
16/20M vehicle tax	112	158	(46)
Franchise fees	30,096	34,000	(3,904)
Sales tax	23,837	22,000	1,837
Licenses, rent, permits	1,044	2,900	(1,856)
Tags/Fines/Community center	4,138	4,750	(612)
Interest income	506		506
Miscellaneous revenues	5,145		5,145
Operating transfers			0
	<u>165,538</u>	<u>169,658</u>	<u>(4,120)</u>
<b>Total Cash Receipts</b>			
<b>EXPENDITURES</b>			
Personnel services	33,391	43,000	9,609
Law enforcement	13,957	21,000	7,043
Employee benefit	13,063	15,250	2,187
Lease purchase payments			0
Repairs/Operating/Office expenses	9,938	11,000	1,062
Professional services	11,179	13,000	1,821
Telephone/electricity	10,032	11,000	968
Streets/Sidewalks	16,068	41,750	25,682
Insurance	12,704	12,500	(204)
Parks/Community center	6,000	12,000	6,000
Auto/Publications/Misc.	7,402	12,150	4,748
Training	495	1,000	505
Capital outlay			0
Operating transfers	27,682		(27,682)
Adjustment for qualifying budget credits			0
	<u>161,911</u>	<u>\$ 193,650</u>	<u>\$ 31,739</u>
<b>Total Expenditures</b>			
Receipts Over (Under) Expenditures	3,627		
Unencumbered Cash, Beginning	46,554		
Prior Year Cancelled Encumbrances	0		
	<u>50,181</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 50,181</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF WINCHESTER, KANSAS  
LIBRARY FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 8,803	9,389	\$ (586)
Delinquent tax	220		220
Motor vehicle tax	1,418	1,583	(165)
RV tax	11	12	(1)
16/20M vehicle tax	12	16	(4)
Federal grants			0
State aid/grants			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
 Total Cash Receipts	 <u>10,464</u>	 <u>11,000</u>	 <u>(536)</u>
<b>EXPENDITURES</b>			
Appropriation	10,464	11,000	536
Capital outlay			0
Operating transfers			0
Adjustment for qualifying budget credits			0
 Total Expenditures	 <u>10,464</u>	 <u>\$ 11,000</u>	 <u>\$ 536</u>
 Receipts Over (Under) Expenditures	 -		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
 Unencumbered Cash, Ending	 <u>\$ 0</u>		

The notes to the financial statements are an integral part of this statement.



CITY OF WINCHESTER, KANSAS  
SPECIAL HIGHWAY FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Intergovernmental revenues	\$ 14,522	\$ 15,440	\$ (918)
Interest income			0
Miscellaneous revenues	468		468
Operating transfers			0
	<u>14,990</u>	<u>15,440</u>	<u>(450)</u>
<b>EXPENDITURES</b>			
General government			0
Highways and streets			
Personnel services			0
Commodities	31	2,400	2,369
Contractual	2,968	20,000	17,032
Capital outlay			0
Operating transfers			0
Adjustment for qualifying budget credits			0
	<u>2,999</u>	<u>\$ 22,400</u>	<u>\$ 19,401</u>
Receipts Over (Under) Expenditures	11,991		
Unencumbered Cash, Beginning	13,733		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 25,724</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF WINCHESTER, KANSAS  
WATER/SEWER UTILITY FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Charges for services	\$ 233,113	\$ 232,250	\$ 863
Interest income			0
Miscellaneous revenues			0
Operating transfers	12,270		12,270
<b>Total Cash Receipts</b>	<u>245,383</u>	<u>232,250</u>	<u>13,133</u>
<b>EXPENDITURES</b>			
Production			
Personnel services	62,644	61,500	(1,144)
Commodities	23,039	33,900	10,861
Contractual	18,830	19,500	670
Refuse collection	28,452	29,000	548
Capital outlay	2,252	12,000	9,748
Debt service	63,532	64,000	468
Operating transfers	42,000	42,000	0
Adjustment for qualifying budget credits			0
<b>Total Expenditures</b>	<u>240,749</u>	<u>\$ 261,900</u>	<u>\$ 21,151</u>
Receipts Over (Under) Expenditures	4,634		
Unencumbered Cash, Beginning	52,670		
Prior Year Cancelled Encumbrances	0		
<b>Unencumbered Cash, Ending</b>	<u>\$ 57,304</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF WINCHESTER, KANSAS  
 ANY NONBUDGETED FUNDS  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2011

	<u>Wastewater Grant</u>	<u>CDBG Housing Recapture</u>	<u>Sidewalk Capital Improvement</u>
<b>CASH RECEIPTS</b>			
Federal grants	\$	\$	\$
State aid/grants			
City appropriation			
Charges for services			
Interest income			
Miscellaneous revenues	45,357	320	
Operating transfers	<u>63,900</u>	<u></u>	<u>25,682</u>
Total Cash Receipts	<u>109,257</u>	<u>320</u>	<u>25,682</u>
<b>EXPENDITURES</b>			
Operations			
Personnel services			
Commodities			
Contractual			
Capital outlay	95,086		
Debt service			
Operating transfers	12,270		
Adjustment for qualifying budget credits	<u></u>	<u></u>	<u></u>
Total Expenditures	<u>107,356</u>	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	1,901	320	25,682
Unencumbered Cash, Beginning	1,898	22,672	25,617
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 3,799</u>	<u>\$ 22,992</u>	<u>\$ 51,299</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WINCHESTER, KANSAS  
 ANY NONBUDGETED FUNDS  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2011

	Police Car Equipment Reserve	Water/Sewer Utility Reserve
CASH RECEIPTS		
Federal grants	\$	\$
State aid/grants		
City appropriation		
Charges for services		
Interest income		
Miscellaneous revenues		
Operating transfers	2,000	42,000
Total Cash Receipts	2,000	42,000
EXPENDITURES		
Operations		
Personnel services		
Commodities		
Contractual		
Capital outlay		11,296
Debt service		
Operating transfers		63,900
Adjustment for qualifying budget credits		
Total Expenditures	0	75,196
Receipts Over (Under) Expenditures	2,000	(33,196)
Unencumbered Cash, Beginning	7,579	115,914
Prior Year Cancelled Encumbrances	0	0
Unencumbered Cash, Ending	\$ 9,579	\$ 82,718

The notes to the financial statements are an integral part of this statement.

**CITY OF WINCHESTER, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies**

**Financial Reporting Entity**

The City of Winchester is a municipal corporation governed by an elected six member council. The City as an entity has been defined to include, on a combined basis, (a) the City of Winchester, Kansas (b) organizations for which the City of Winchester, Kansas is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the City of Winchester, Kansas are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City's component units, the Winchester Housing Authority and the Winchester Public Library, have not been presented in these financial statements.

**Fund Descriptions**

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the City for the year 2011:

**Governmental Funds**

**General Fund** - To account for all unrestricted resources except those required to be accounted for in another fund.

**Special Revenue Funds** - To account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to be expended for specified purposes.

## CITY OF WINCHESTER, KANSAS

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 – Summary of Significant Accounting Policies (Continued)

##### Proprietary Funds

**Enterprise Funds** – to account for operations that are financed and operated in a manner similar to private business enterprises—where stated intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges—or where periodic determinations of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

##### Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

##### Departure from Generally Accepted Accounting Principles (GAAP)

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursement, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principle and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with United States generally

## CITY OF WINCHESTER, KANSAS

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 – Summary of Significant Accounting Policies (Continued)

##### Departure from Generally Accepted Accounting Principles (Continued)

accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

##### Discretely Presented Component Unit

The city has two component units, the housing authority and the public library. These financial statements exclude the financial data of the discretely presented component units since the city does not appoint a majority of the board members. The component units are therefore reported separately to emphasize that it is legally separate from the City.

##### Reimbursed Expenses

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

##### Budgetary Information

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5<sup>th</sup>.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.

## CITY OF WINCHESTER, KANSAS

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 – Summary of Significant Accounting Policies (Continued)

##### Budgetary Information (continued)

4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenues other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. No budgets amendments were noted for the current year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting. Revenues are recognized when measurable and available to finance current year expenditures. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, trust funds and the following special revenue funds: 1) Wastewater Grant, 2) Sidewalk Capital Improvement fund, 3) CDBG Housing Recapture Fund, 4) Police Car Equipment Reserve Fund, and 5) Water/Sewer Utility Reserve Fund.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

##### Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.



## CITY OF WINCHESTER, KANSAS

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 2 – Deposits and Investments

As of December 31, 2011, the City has the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Kansas Municipal Investment Pool	\$ 3,355	S&P AA+AF/SLT

K.S.A. 9-1401 establishes the depositories which may be used by the government. The statute requires banks eligible to hold the government's funds have a main or branch bank in the county in which the government is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the government's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The government has no investment policy that would further limit its investment choices.

#### Concentration of Credit Risk

State statutes place no limit on the amount the government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

#### Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. State statutes require the government's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2011.

## CITY OF WINCHESTER, KANSAS

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 2 – Deposits and Investments (Continued)

##### Custodial Credit Risk – Deposits (continued)

At December 31, 2011, the government's carrying amount of deposits was \$ 303,596 and the bank balance was \$ 327,676. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions' agents in the government's name.

##### Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

#### NOTE 3 – Defined Benefit Pension Plan

**Plan Description** – The City of Winchester, Kansas participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

**Funding Policy** – K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contributions rate be determined annually based on the results of an annual actuarial valuation. KPERS are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for 2011 was 7.74%. The City of Winchester, Kansas employer contributions to KPERS for the years ended December 31, 2011, 2010, and 2009, were \$ 7,278, \$ 5,679, and \$5,071, respectively, equal to the statutory required contributions for each year.

**CITY OF WINCHESTER, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – Risk Management**

The City is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**NOTE 5 – Compliance with Kansas Statutes**

We noted no violations of Kansas Statutes.

**NOTE 6 – Compensated Absences**

Sick leave is available at the rate of one day per month. The maximum amount of sick leave is 60 days. Accrued sick leave is not paid upon termination. Vacation leave is available for full time employees and is based on the number of years of service. One week of vacation is available after one year of service. Two weeks of vacation are available after two years of service. After three years of service, one day per year is added to the two weeks earned. The maximum amount of vacation available is three weeks per year. Payment is made to terminated employees for unused vacation leave. The city has not computed or recorded this potential liability.

**NOTE 7 – Interfund Transactions**

Operating transfers were as follows:

From	To	Authority	Amount
Water/Sewer	Reserve Fund	12-825-d	\$ 42,000
General	Police Car Reserve	12-1,117	2,000
General	Sidewalk Capital Fund	12-1,118	25,682
Wastewater Grant	Water/Sewer Fund	12-825d	12,270
Water/Sewer Utility Fund	Wastewater Grant	12-631p	36,900

**CITY OF WINCHESTER, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – Other Post Employment Benefits**

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

**NOTE 9 – Subsequent Events Review**

Subsequent events for management's review have been evaluated through July 19, 2012. The date in the prior sentence is the date the financial statements were available to be issued.

**NOTE 10 – Long Term Debt**

The schedule of long term debt and current maturities for the next five years is detailed in the following schedule.

CITY OF WINCHESTER, KANSAS  
Statement of Changes in Long-Term Debt  
For the Year Ended December 31, 2011

**Note 10 - Long Term Debt**

Changes in long-term liabilities for the City for the year ended December 31, 2011 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>										
<b>KDHE Loans:</b>										
KDHE Revolving Loan	3.44%	10/24/97	210,500	3/1/18	\$ 124,418	\$	\$ 14,809	\$ (14,809)	\$ 109,609	\$ 3,852
KDHE Revolving Loan	2.32%	9/22/05	383,026	3/1/18	370,976	195,525	32,261	163,264	534,240	11,111
Total Long Term Debt					\$ 495,394	\$ 195,525	\$ 47,070	\$ 148,455	\$ 643,849	\$ 14,963

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027	Total
<b>Principal</b>									
General Obligation Bonds	\$	\$	\$	\$	\$	\$	\$	\$	\$
Special Assessment Bonds									0
Certificates of Participation									0
Capital Leases									0
Revenue Bonds									0
KDHE Loans	43,832	45,044	46,349	47,692	49,076	197,716	193,406	20,734	643,849
Temporary Notes									0
Total Principal	43,832	45,044	46,349	47,692	49,076	197,716	193,406	20,734	643,849
<b>Interest</b>									
General Obligation Bonds									0
Special Assessment Bonds									0
Certificates of Participation									0
Capital Leases									0
Revenue Bonds	15,554	14,447	13,255	12,028	10,765	36,790	14,981	241	118,061
KDHE Loans									0
Temporary Notes									0
Total Interest	15,554	14,447	13,255	12,028	10,765	36,790	14,981	241	118,061
Total Principal and Interest	\$ 59,386	\$ 59,491	\$ 59,604	\$ 59,720	\$ 59,841	\$ 234,506	\$ 208,387	\$ 20,975	\$ 761,910